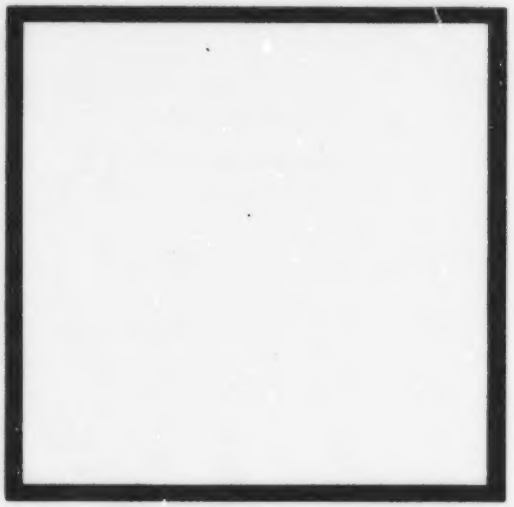
SASKATCHEWAN WATER CORPORATION

Saskatchewan Water Corporation



ANNUAL REPORT

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Saskatchewan Water Corporation

Letter of Transmittal

Regina, Saskatchewan
March 26, 1985

To His Honour,
The Honourable Frederick W. Johnson
Lieutenant Governor of the Province of Saskatchewan

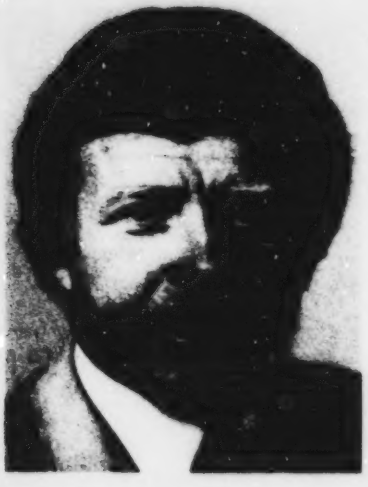
Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Water Corporation for the period July 1st to December 31st, 1984, including financial statements therefor, duly certified by the Provincial Auditor and in a form approved by the Treasury Board, all in accordance with **The Water Corporation Act.**

Respectfully submitted,

Eric Berntson
Minister Responsible for
Saskatchewan Water Corporation

Minister's Remarks



Paul Schoenhals
Minister of Energy and Mines
Minister Responsible and Chairman
Saskatchewan Water Corporation

It is always exciting and challenging to be involved in any new undertaking. Being appointed as Chairman of the Board and Minister Responsible for the Saskatchewan Water Corporation gave me such an opportunity. With the public's attention on the significance of water heightened by drought conditions in southern Saskatchewan and flood conditions in the northeast, it was even more appropriate that Sask Water came into being in 1984.

Prior to the formation of the Saskatchewan Water Corporation, many government departments and agencies were involved in Saskatchewan's diverse water management needs. During public meetings held by the Cabinet Committee on Water Concerns in 1983, most of the comments related to the fact that the various water management systems in place over the years had become inaccessible, bureaucratic, and lacking in continuity.

By establishing a Crown corporation to manage its water resources, Saskatchewan has undertaken an important leadership role. The establishment of Sask Water marks the beginning of a new approach to water management, one with comprehensive planning. For example, over the next eight to ten years the corporation will undertake planning studies for each of Saskatchewan's ten river basins. These basin studies will enable the corporation to develop comprehensive regional and provincial plans.

Sask Water will also provide much needed coordination and focus on local needs and programs through its system of six regional offices and Watershed Advisory Boards. This local input to the corporation's Board of Directors will help the corporation develop overall objectives and decision making processes that are decisive, perceptive, and sensitive.

Wise water management decisions will become increasingly important for Saskatchewan. Managing a vital resource to meet the growing needs for industrial and agricultural development, domestic and recreational purposes, and for government programs, will continuously require new solutions and new approaches.

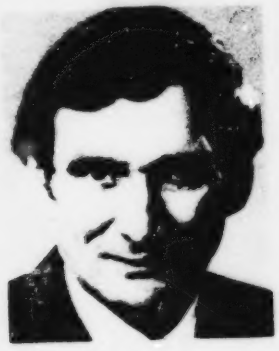
Sask Water provides the flexibility and sensitivity necessary to play that lead role for the people of Saskatchewan — a role that will enable it to effectively and efficiently manage and plan our water resources.

Paul Schoenhals
Minister Responsible

Board of Directors and Officers

Doug Cole
Moose Jaw

Paul Schoenhals
Minister Responsible,
Chairman



Neal Hardy
Minister of Environment

Hartley Furtan, Ph.D.
Saskatoon

Eric Berntson
Minister of Economic
Development and Trade

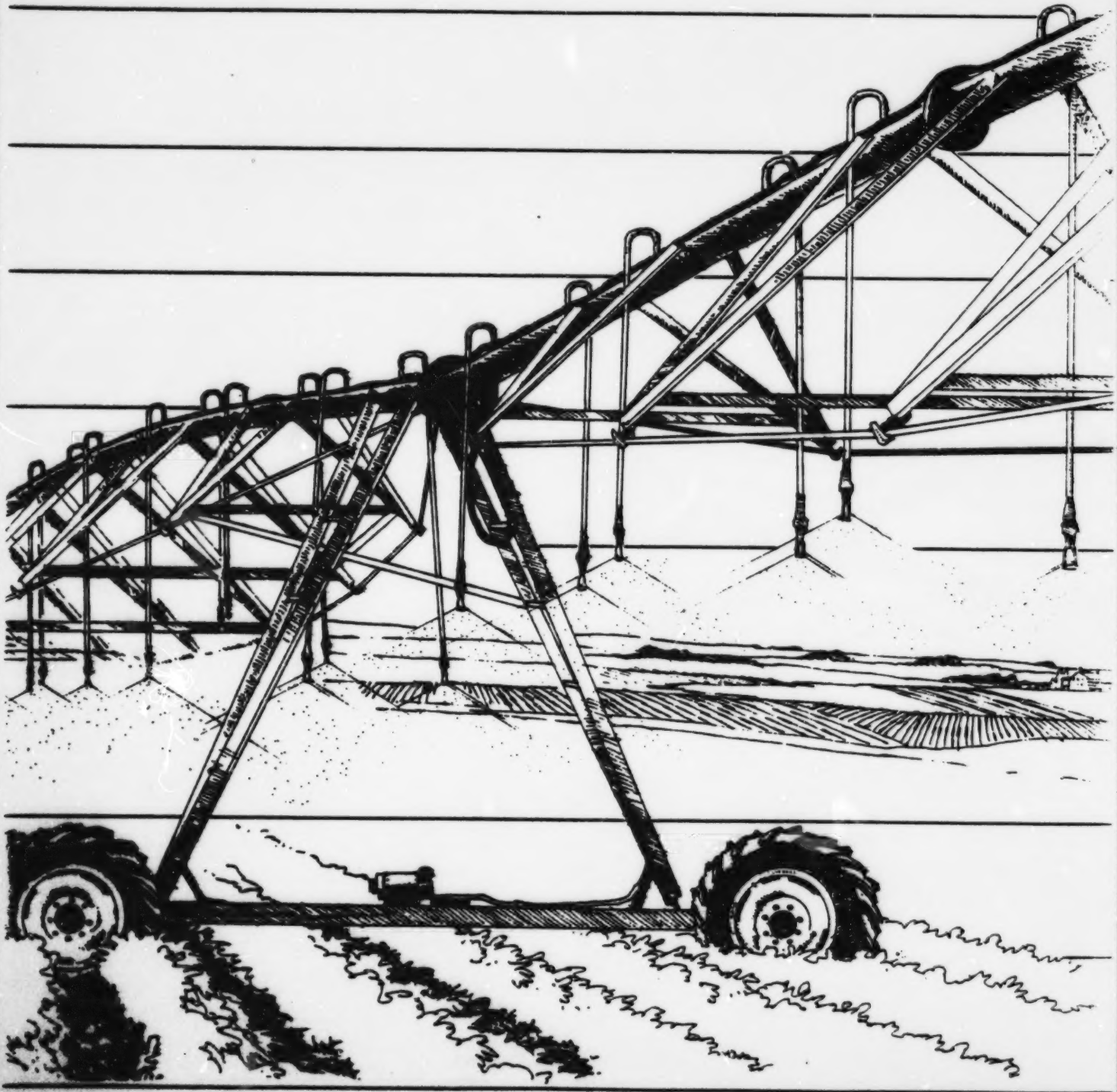
Michael Costello
Deputy Minister
Department of Finance

Ian Disbery
Corporate Secretary

LIST OF OFFICERS

Vernon C. Fowke, F.C.A.	Acting President, Controller
Raymond B. Richards, C.A.	President (July - November, 1984)
Stanley R. Blackwell, P.Eng.	Senior Vice-President (Retired September, 1984)
David L. MacLeod, P.Eng.	Vice-President Resource Management
Jerry F. Danyluk	Vice-President Watershed Management
Raymond S. Pentland, P.Eng.	Vice-President Water Supply And Utility Management

Saskatchewan Water Corporation



Acting President's Report

Vernon C. Fowke, F.C.A.
Acting President, Controller

When Sask Water's president, Mr. Ray Richards, returned to the private sector in November, 1984, I was pleased to assume the duties of acting president in addition to my role as the corporation's controller.

With the formation of the Saskatchewan Water Corporation on July 1, 1984, we were charged by the Saskatchewan Legislature under **The Water Corporation Act** to:

1. Manage, administer, develop, control, and protect Saskatchewan's water and related land resources.
2. Promote the economical and efficient distribution and conservation of water.
3. Maintain and enhance the quality and availability of water for varied purposes including domestic, agricultural, industrial, and recreational uses.

The difficult climatic and economic conditions that existed in 1984, combined with the fact that we were new and in the process of organizing, made fulfilling this mandate no easy task. However, the challenges and opportunities were most welcome, as we at Sask Water began a management and planning role unique in North America.

Some of our accomplishments in 1984 included:

- The simplification and streamlining of procedures for applications made under the Municipal Water Assistance Program. This improvement allows the corporation to give applicants an almost immediate indication of grant eligibility.
- The elimination of the backlog of grant payments under the Municipal Water Assistance Program. This represents a major improvement in performance.
- The negotiation of a new federal/provincial agreement on urban water and sewer infrastructure development for forty-two of Saskatchewan's towns and small cities to undertake badly needed work.
- The development of a new Water and Sewer Technical Assistance Program that will address the unique needs of Saskatchewan's many towns, villages, and hamlets.
- The beginning of work under the Qu'Appelle Conveyance Agreement which was signed in June of 1984. Under this five year $4.75 million Canada/Saskatchewan Agreement, work was initiated to increase the capacity of the Qu'Appelle River.

Acting President's Report

- The development and administration of well assistance programs specifically designed to help alleviate difficulties being experienced by individuals and communities as a result of drought conditions.

For decades the lack of a comprehensive water management strategy and information gathering system has been cause for concern in Saskatchewan. We have been given a tremendous opportunity to develop new and different types of solutions for water management. Sask Water has been identified as the means by which those short, medium, and long-term management and planning functions will now be provided. We are determined to ensure that our water resource will be managed effectively to serve us all in the best possible manner.

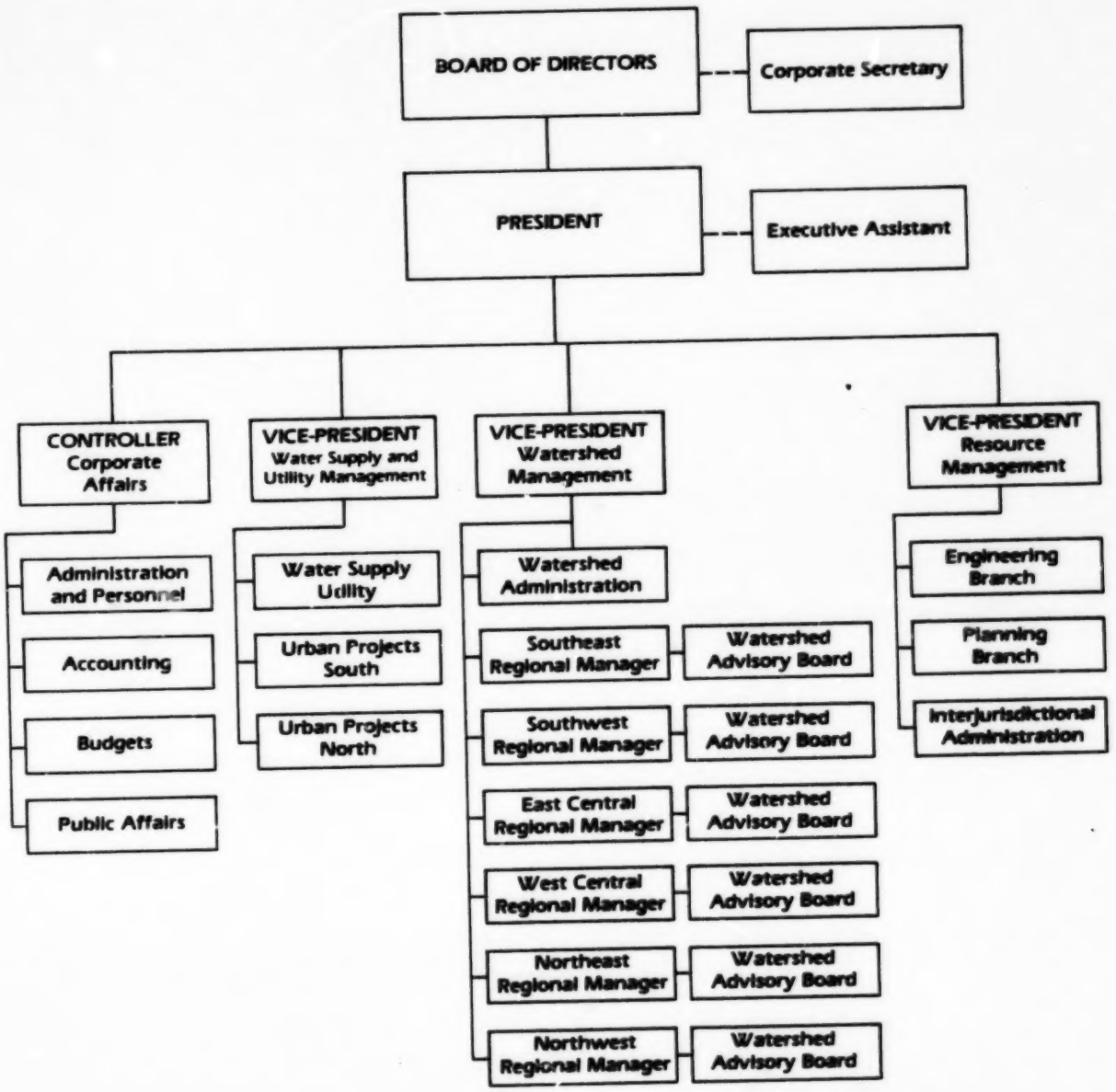
During 1984 our employees demonstrated the commitment and flexibility necessary to manage our vital water resource. On behalf of our Board of Directors, I want to acknowledge with thanks their ability to make the transition to Sask Water without disruption or undue delays in programs or projects. It is indeed a tribute to their talents and dedication.

We are confident that in 1985 Sask Water will become one of Saskatchewan's most significant Crown corporations, one which is aware of the needs and aspirations of Saskatchewan's residents. We are committed to serving those interests to the best advantage of our province.

V. C. Fowler

Acting President

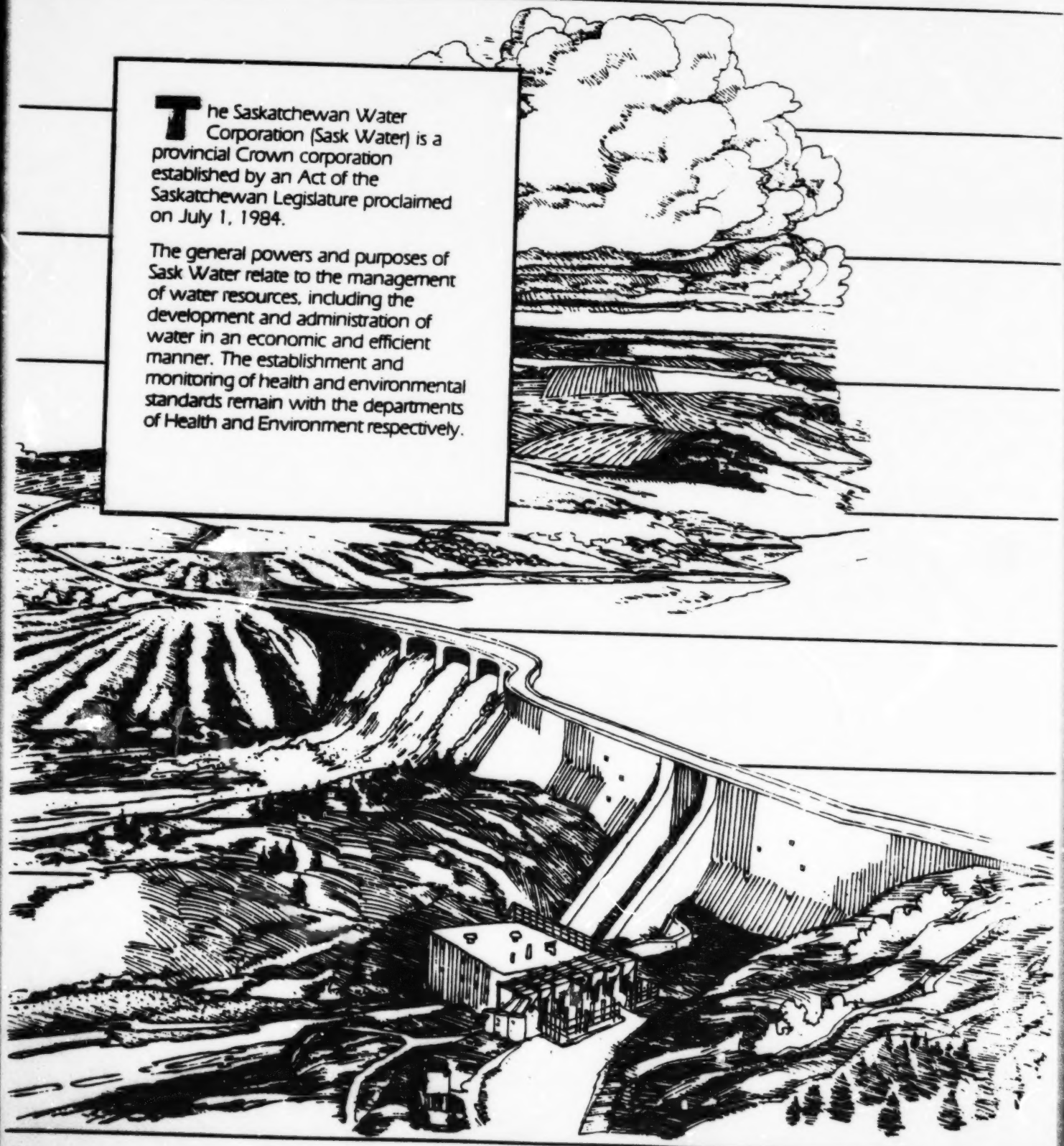
Organizational Chart



Profile

The Saskatchewan Water Corporation (Sask Water) is a provincial Crown corporation established by an Act of the Saskatchewan Legislature proclaimed on July 1, 1984.

The general powers and purposes of Sask Water relate to the management of water resources, including the development and administration of water in an economic and efficient manner. The establishment and monitoring of health and environmental standards remain with the departments of Health and Environment respectively.



P r o f i l e

The Water Corporation Act gives Sask Water the following specific powers and purposes.

1. Manage, administer, develop, control, and protect the water and related land resources of Saskatchewan.
2. Promote the economical and efficient use, distribution, and conservation of water.
3. Maintain and enhance the quality and availability of water for domestic, agricultural, industrial, recreational, and other purposes.
4. To undertake and co-ordinate research and studies relating to water resources.
5. Supply or make water available.
6. Consider applications for the use of water or the construction or operation of waterworks, sewage works, and drainage works.
7. Regulate and control the flow of water in lakes, rivers, and reservoirs.
8. Collect fees, levies, and charges.
9. Acquire or construct, manage, and operate any works.

In accordance with the Act, all assets and liabilities of the Saskatchewan Water Supply Board were vested in Sask Water as of July 1, 1984, with Sask Water assuming responsibility for the operations formerly carried on by the Water Supply Board. In addition, the functions relating to the powers and purposes of Sask Water and formerly carried out by certain government departments were transferred to Sask Water, along with their related assets. Those departments relinquishing such functions were:

Department of Agriculture
Department of Environment
Department of Urban Affairs

The corporation's head office will be located in Moose Jaw. Until construction of facilities there is completed in the fall of 1985, Sask Water will remain situated at 2121 Saskatchewan Drive, Regina, Saskatchewan.

CORPORATE AFFAIRS

The Corporate Affairs Division performs various administrative duties including public affairs, accounts and budgets, and administration and personnel.

During 1984 this division undertook the large tasks of bringing together existing staff from the various government departments and agencies combined to form Sask Water, establishing the accounting and budget procedures for the new corporation, and informing the general public of Sask Water's existence, mandate, and programs.

RESOURCE MANAGEMENT

The Resource Management Division provides various technical and hydrological services for the corporation and undertakes basin planning and floodplain management. Some specific technical and hydrological services include engineering design, contract administration, streamflow monitoring, water supply studies and forecasting, and operation planning for the Saskatchewan River System, Boundary Dam and the Qu'Appelle River System.

1. **Basin Planning**
   Basin planning involves assessing long-term water supply options and establishing policies and programs for efficient management and use of water. Three such studies begun in 1984 were the Cold Lake River Basin, the Poplar River Basin, and the South Saskatchewan River Basin.

2. **Floodplain Management**
   Another important aspect of the corporation's activities involves floodplain management, an activity directed to reducing the flood damage potential in urban communities.

   Negotiations were begun with Environment Canada for continuation of the Flood Damage Reduction Agreement and a new cost sharing agreement for flood protection works. As well, draft policy statements to form the basis for a comprehensive urban management program were discussed with local government representatives.

3. **Federal/Provincial Agreements**
   Federal/provincial agreements play an important part in the work of the corporation. Some examples of Canada/Saskatchewan agreements currently in place include the Interim Subsidiary Agreement on Water Development, the Hydrometric Surveys Agreement and the Canada/Saskatchewan Qu'Appelle Conveyance Agreement.

4. **Federal/Provincial Boards and Committees**
   In addition to participating in federal/provincial agreements, the Saskatchewan Water Corporation also serves on many federal/provincial boards and committees. Some of its activities in this regard include the Prairie Provinces Water Board, Canada/Saskatchewan Consultative Committee, International Souris River Board of Control, Mackenzie River Basin Committee, Peace-Athabasca Delta Implementation Committee, South Saskatchewan Reservoir Board, and the Qu'Appelle Operation Board.

WATERSHED MANAGEMENT

Through its Watershed Management Division, Sask Water provides services and program delivery to municipalities, local governments, interest groups, and individuals. The programs and services offered include project engineering and construction, technical assistance and water management on a project basis, the administration and payment of grants, and the handling of complaints and inquiries.

In order to ensure accessibility to the public, Sask Water operates six regional offices. These offices are located in Weyburn, Swift Current, Moose Jaw, Outlook, Nipawin, and North Battleford and are staffed with the necessary expertise to provide information and services for any water-related problems.

A number of the more important activities undertaken by this division for the corporation in 1984 were caused by the below normal runoff and precipitation in southern Saskatchewan. Drought conditions in this area resulted in the corporation implementing new and revised programs to deal with well test drilling, construction of deep wells, and community wells. In addition, increased activity was also experienced in programs related to irrigation and replenishing domestic water supply dugouts and reservoirs.

While southern Saskatchewan experienced water shortages, northern Saskatchewan experienced greater than normal precipitation levels in 1984. As a result, agricultural lands were flooded in many portions of the northeast. This flooding resulted in the corporation experiencing a high level of activity in the investigation of drainage complaints and development of both flood control and drainage projects.

The following information provides an overview of the programs administered on behalf of Sask Water by the Watershed Management Division during the period covered by this annual report.

1. **Well Test Drilling Assistance**
   Under this program, offering geotechnical information and financial assistance for electric-logged test drilling, the corporation granted 572 prior approvals for drilling and paid 266 grants.
2. **Deep Well Assistance**
   This program offered grants for developing wells beyond the 79 metre (258 feet) depth. Under this program 139 grants were paid.
3. **Community Well Assistance**
   Designed for rural municipalities with community wells serving five households or more, this program attracted thirty-four applications for wells from twenty-three rural municipalities.
4. **Emergency Dugout Pumping**
   Due to drought conditions, this program was most active. 883 dugouts and other small domestic reservoirs, including those for fifteen urban centres, were replenished through the use of the corporation's equipment.
5. **Erosion Control**
   Under its erosion control program, the corporation received twenty applications and approved eight grants for costs relating to the construction or maintenance of erosion control or gully stabilization works. Drought conditions in 1984 resulted in fewer than normal applications being made under this program.
6. **Group Irrigation**
   Grants in excess of $200,000 were provided to seven different groups for the development, operation, and maintenance of irrigation works. In addition, more than $100,000 was paid to the South Saskatchewan River Irrigation District.
7. **Individual Irrigation**
   A difficult agricultural economic climate resulted in only a moderate response for individual irrigation assistance. Under this program designed to provide engineering and financial assistance, the corporation handled 84 new applications and provided services to 102 projects.

8. **Water Control**
   Five construction contracts with a value in excess of $900,000 were awarded for projects undertaken by Conservation and Development Area Authorities and Watershed Associations. These projects were for construction and maintenance of drainage, flood control, and multi-use water control works.

9. **Rural Municipality Channel Clearing**
   The corporation approved ten grants under this program designed to provide engineering and financial assistance to help rural municipalities clear trees and obstructions from natural channels.

10. **Urban Flood Control**
    To assist four urban centres in the construction of flood control projects the corporation spent in excess of $100,000.

11. **Sewer and Water (Small Urban Communities)**
    The corporation provided engineering and technical assistance for forty-nine communities experiencing operational and seepage problems associated with lagoons.

WATER SUPPLY AND UTILITY MANAGEMENT

The Water Supply and Utility Management Division of the Saskatchewan Water Corporation handles the corporation's water supply utilities, land negotiations, and financial and technical assistance for water and sewer projects.

Some achievements in 1984 included:

1. **Federal/Provincial Agreement**
   Negotiating a federal/provincial, five year, $32 million program for water and sewer projects in 42 of Saskatchewan's towns and small cities.

2. **Joint Venture**
   Entering into a joint venture agreement with Water Conditioning Canada Limited, a private firm involved in a research project using ultraviolet light for water treatment.

3. **Regina/Moose Jaw Water Quality**
   Participating on the management committee established in connection with the construction program to deal with the taste and odour problems in the Regina/Moose Jaw water supply from Buffalo Pound Lake.

4. **Technical Assistance**
   Developing new water and sewer technical assistance policies that recognize the unique needs of smaller communities.

5. **Improved Efficiency**
   Eliminating backlogs associated with application and payment of grants under the Municipal Water Assistance Program.

6. **Grant Payments**
   Providing grants in excess of $5 million towards 186 projects involving water supply, treatment and storage works, and waste-water treatment and disposal facilities.

7. **Northern Saskatchewan**
   Developing water and sewer services in Northern Saskatchewan at Denare Beach, Turnor Lake, Pelican Narrows, Ile-a-la-Crosse, Cumberland House, Sandy Bay, Weyakwin, and Timber Bay.

8. **Water Supply**
   Improving the corporation's three water supply systems by spending in excess of $400,000 since July 1, 1984 on capital upgrading of works. The supply systems consist of 137 kilometres (85 miles) of canals, five reservoirs, and 209 kilometres (130 miles) of pipeline.

The following tables show the customers served by the Water Supply and Utility Division and volumes of water supplied. Volumes of water delivered in 1984 were relatively high due to drought conditions.

PIPELINE CUSTOMERS

System	Industrial	Municipal	Other*
Saskatoon-Southeast	PCS-Allan Division PCS-Lanigan Division Central Canada Potash	Shields Hanley Thode Guernsey Lanigan Viscount	22
Saskatoon-West	Cominco PCS-Cory Division Saskatoon Golf & Country Club Petrill Golf Cedar Villa Estates	Vanscoy	80
Saskatoon-Treated	PCS-Cory Division United Chemicals Johanna Mitchell Holdings Ltd. Royal View Cattle Ltd. Armak Chemicals Saskatoon Chemicals	Allan Bradwell Clavet Martensville Warman Osler Dalmeny	50

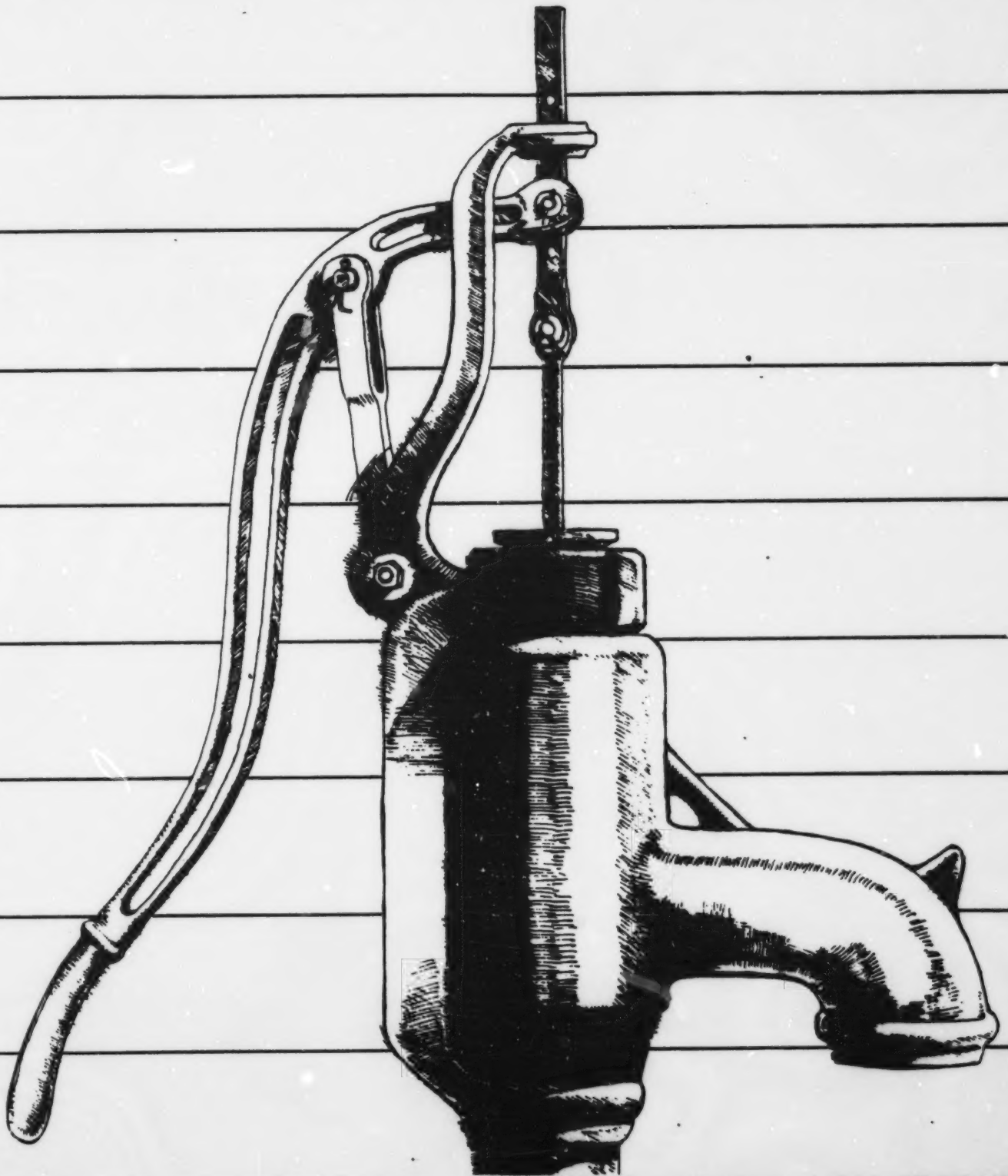
* Other includes farm holdings and approved domestic installations

VOLUMES OF WATER SUPPLIED

Customer/ Water Based Program	Volumes Supplied (Cubic Decametres)			
	1984*	1983	Increase Amount	Increase Per Cent
Department of Agriculture — Irrigation Projects	28,372	26,936	1,436	5.3
Department of Parks and Renewable Resources — Recreation	8,511	7,771	740	9.5
— Waterfowl Breeding Projects	9,202	3,398	5,804	170.8
Total	46,085	38,105	7,980	20.9

* Calendar year used for the purpose of comparison with the 1983 figures for the Saskatchewan Water Supply Board. (Transferred to Sask Water on July 1, 1984.)

Financial Review

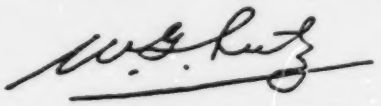


Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Water Corporation as at December 31, 1984 and the statements of operations and retained earnings and changes in financial position for the six month period ended December 31, 1984. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Saskatchewan Water Corporation as at December 31, 1984 and the results of its operations and the changes in its financial position for the six month period then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
February 19, 1985.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Saskatchewan Water Corporation

Statement of Financial Position
as at December 31, 1984

ASSETS

CURRENT	
Short-term investments — at cost	$ 7,377,782
Accounts receivable	2,156,752
Prepaid expenses and supplies	223,604
	9,758,138
PROPERTY, PLANT AND EQUIPMENT (notes 3 and 4)	12,738,402
	$22,496,540

LIABILITIES AND PROVINCE'S EQUITY

CURRENT	
Bank indebtedness	$ 3,539,898
Accounts payable and accrued liabilities	$ 3,026,292
Deferred grants (note 5)	3,354,735
	9,920,925
DEFERRED UTILITY REVENUE	879,002
LONG-TERM DEBT (note 6)	7,652,706
	18,452,633
PROVINCE'S EQUITY	
Advance from Crown Investments Corporation of Saskatchewan (note 7)	700,000
Contributed surplus (note 3)	869,698
Retained earnings	2,474,209
	4,043,907
	$22,496,540

See accompanying notes

Saskatchewan Water Corporation

Statement of Operations and Retained Earnings

For the Period from July 1, 1984
Commencement of Operations
to December 31, 1984

REVENUE	
Grants from the Province of Saskatchewan	$14,145,265
Water Supply Utility	1,900,883
Services	245,548
Interest	655,349
Other	563,466
	17,510,511
EXPENSES	
Grants (note 8)	9,538,282
Administration and operating	7,035,976
Interest (note 9)	104,847
Depreciation	306,574
	16,985,679
NET EARNINGS FOR THE PERIOD	524,832
RETAINED EARNINGS TRANSFERRED FROM SASKATCHEWAN WATER SUPPLY BOARD (note 3)	1,949,377
RETAINED EARNINGS, END OF PERIOD	$ 2,474,209

See accompanying notes

Statement of Changes in Financial Position

For the Period from July 1, 1984
Commencement of Operations
to December 31, 1984

SOURCES OF WORKING CAPITAL	
Operations	
Net earnings for the period	$ 524,832
Charges and credits to earnings not affecting working capital:	
Depreciation	306,574
Sinking fund earnings	(559,048)
Other	(44,687)
	227,671
APPLICATION OF WORKING CAPITAL	
Capital acquisitions	1,396,613
Less assets transferred at no cost (note 3)	869,698
Capital expenditures	526,915
DECREASE IN WORKING CAPITAL	299,244
WORKING CAPITAL TRANSFERRED FROM SASKATCHEWAN WATER SUPPLY BOARD (note 3)	136,457
WORKING CAPITAL DEFICIENCY, END OF PERIOD	$ 162,787

See accompanying notes

Notes to Financial Statements

December 31, 1984

1. STATUS OF THE CORPORATION

The Saskatchewan Water Corporation was established on July 1, 1984, under the authority of **The Water Corporation Act.**

In accordance with the provisions of the Act, the corporation's general powers and purposes are to manage all water resources, to control, develop and administer the use of all water resources in the Province of Saskatchewan in an economic and efficient manner, and to own and operate water-related works.

The financial results of the corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan.

2. SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment

Assets transferred to the corporation have been recorded at values identified in note 3. Other assets acquired by the corporation are recorded at cost. When assets are sold or retired, the related recorded capital value and accumulated depreciation are removed from the accounts and the gain or loss is reflected in income for the year.

Depreciation

Depreciation is calculated at the following annual rates designed to amortize the recorded capital value over the estimated useful lives of the assets.

Water facilities — straight line — 2% to 10%

Buildings — straight line — 2½% to 5%

Maintenance and office equipment — diminishing balance or straight line, as appropriate — 10% to 30%

Capitalization of Expenses

(i) Interest Expense

Interest on loans for construction projects is capitalized during the construction period at the average annual rate of borrowing.

(ii) Internal Services

Internally provided engineering and land services are capitalized at a rate of ten per cent of the total of direct project construction costs provided that such costs for an individual project are less than $1,000,000. The object of this policy is to recognize the approximate value of design, supervision and administration services rendered by corporation employees on construction projects.

For projects with estimated total direct construction costs of greater than $1,000,000, the actual costs of internally provided engineering and land services are accumulated and capitalized.

Notes to Financial Statements

December 31, 1984

Amortization of Deferred Utility Revenue

Deferred utility revenue represents revenue prepayments which are required in some cases from customers at the commencement of supply. These prepayments are amortized into operating revenue at 5% per annum straight line. Amortization credited to revenue in 1984 amounted to $37,280.

Grants from the Province of Saskatchewan

Under the authority of Section 21 of **The Water Corporation Act,** the corporation receives grants out of moneys appropriated by the legislature for the purposes identified in that section from the Consolidated Fund of the Province.

Grants received for the payment of administration costs are recorded as revenue to the extent that administration costs of non-utility operations exceed revenue relating to this segment of the corporation's activities. Grants received for the purpose of paying program grants are recorded as revenue to the extent that the related program expenditures are recorded as an expense.

Grants received but not credited to revenue are recorded as deferred grants.

Grants

Grants for a variety of programs are normally recorded as an expense on a cash basis. Where the corporation enters into contractual arrangements for project construction under various assistance programs, expenditures are accounted for on an accrual basis.

Segmented Information

Revenues and expenses directly attributable to each segment of the corporation's activities are reflected in the results of operation of each segment together with an allocation of general administrative expenses on the basis of the number of employees directly employed by each segment.

3. TRANSFER OF ASSETS

Under the authority of subsections 75(1) and 76(3) of **The Water Corporation Act,** all assets, liabilities and obligations of the Saskatchewan Water Supply Board which existed on June 30, 1984, were transferred to the newly created corporation. These assets, which were vested in the corporation on July 1, 1984, were recorded at the June 30, 1984, audited book values of the Saskatchewan Water Supply Board. These assets and liabilities, as well as the retained earnings of the Board at June 30, 1984, are summarized as follows:

Assets

Current assets	$ 795,171
Property, plant and equipment (net of accumulated depreciation of $4,985,549)	11,640,957
	$12,436,128

Notes to Financial Statements

December 31, 1984

Liabilities and Retained Earnings

Current liabilities	$ 658,714
Deferred revenue	916,282
Long-term debt	8,211,755
Advance from Crown Investments Corporation of Saskatchewan	700,000
Retained earnings	1,949,377
	$12,436,128

Under the authority of subsection 75(1) of **The Water Corporation Act,** The Water Corporation Transfer of Assets Regulations were established to transfer to the corporation property and assets of the departments of Agriculture, Environment and Urban Affairs. These assets were recorded by the corporation at their estimated net realizable value with a corresponding credit of $869,698 to contributed surplus.

4. PROPERTY, PLANT AND EQUIPMENT

	Capital Value (see note 3)	Accumulated Depreciation	Net Book Value
Land	$ 1,317,724	$ —	$ 1,317,724
Buildings	740,402	173,568	566,834
Water facilities	14,257,342	4,766,408	9,490,934
Maintenance equipment	1,199,345	315,829	883,516
Office equipment	173,795	35,142	138,653
Assets under construction	340,741	—	340,741
	$18,029,349	$ 5,290,947	$12,738,402

5. DEFERRED GRANTS

Grants received from the Province of Saskatchewan	$17,500,000
Amount recorded as revenue	14,145,265
Deferred grants	$ 3,354,735

Notes to Financial Statements

December 31, 1984

6. LONG-TERM DEBT

Year Received	Year Payable	Interest Rates	Debt Recorded	Equity in Sinking Funds
1967	1987	5.945%	$ 5,932,000	$ 4,591,528
1968	1988	6.585%	6,133,000	4,446,440
1969	1989	7.485%	1,124,000	684,851
1971	1991	6.930%	657,000	271,724
1977	1997	8.880%	1,030,000	128,751
1980	2000	12.000%	900,000	—
1983	1988	10.750%	2,000,000	—
			$17,776,000	$10,123,294
Long-term debt — net of sinking funds				$ 7,652,706

All loans, with the exception of the loans received in 1980 and 1983 from Crown Investments Corporation of Saskatchewan, are payable to the Consolidated Fund of the Province. Repayment terms for those loans are established by the Government of Saskatchewan. In 1983 it was determined that, in total, the sinking funds had sufficient equity to retire all debt payable to the Consolidated Fund at maturity and, therefore, under the authority of Order-in-Council number 1616/83, no further sinking fund installments were required. All loans received in 1967, 1968, 1969, 1971 and 1977 are subject to repayment upon six months notice.

Equity in the sinking funds is represented by the accumulated amount of sinking fund installments made to December 31, 1984, together with the accumulated earnings on the investments included in each fund. The sinking funds are managed by the Investment and Financial Services Branch of the Department of Finance.

7. ADVANCE FROM CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

The advance is non-interest bearing and is repayable at the discretion of Crown Investments Corporation of Saskatchewan.

8. GRANTS

Included in expenses are grants to various persons, communities and organizations to carry out a variety of programs administered by the corporation. Particulars of these grants, by program, are as follows:

Municipal Water Assistance	$ 5,037,234
Water Pollution Control	553,176
Northern Water Assistance	164,825
Northern New Facilities	1,457,144
Interim Subsidiary Agreements	115,669

Notes to Financial Statements

December 31, 1984

Irrigation	224,445
South Saskatchewan River Irrigation	133,221
Flood Control and Drainage	1,155,632
Channel Clearing	31,737
Erosion Control	13,296
Conservation Area Authority Maintenance	273,391
Well Assistance (Drought Relief Program)	378,512
	$ 9,538,282

9. INTEREST EXPENSE

Total interest expense	$ 663,895
Less sinking fund earnings	559,048
Net interest expense	$ 104,847

10. COMMITMENTS

As at December 31, 1984, the corporation had outstanding grant and other commitments of $1,795,500 for construction contracts and consulting agreements.

11. LEASES

The corporation has entered into operating lease agreements with the following minimum lease payments:

1985	$ 78,980
1986	86,450
1987	85,980
1988	34,760
1989	25,000
1990 and subsequent	8,540
	$319,710

12. REMUNERATION OF DIRECTORS AND OFFICERS

During 1984, two persons serving on the Board of Directors received remuneration amounting to $5,400. The six senior officers of the corporation received aggregate remuneration amounting to $177,828.

Notes to Financial Statements

December 31, 1984

13. RELATED PARTY TRANSACTIONS

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the corporation is related. Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms except as described below.

In connection with the Water Supply Utility, the corporation has entered into contracts with two government departments. The contracts provide that billings be prepared substantially on the basis of a predetermined share of the corporation's fixed capital and operating costs rather than solely on the basis of a unit charge for water consumption. The contracts further state that payments by the departments are subject to appropriation of the necessary funds in each fiscal year. Revenue earned from these contracts in the current period totalled $519,607.

Certain goods and services, primarily occupancy, furnishings and postage,were provided to the corporation at no charge by government departments.

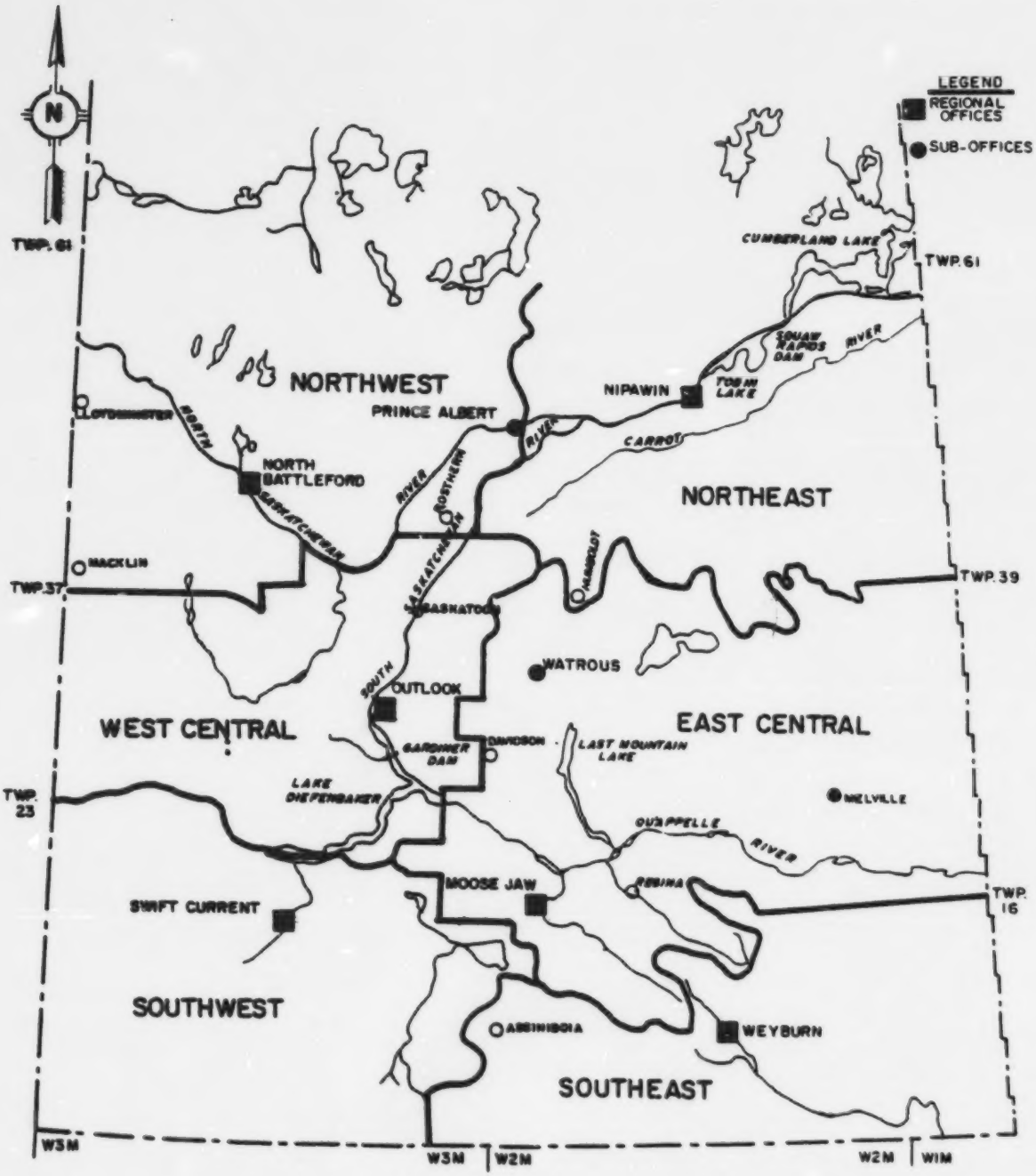
Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

14. SEGMENTED INFORMATION

Statement of Operations

	Water Supply Utility	Other	Total
REVENUE			
Grants from the Province of Saskatchewan	$ —	$14,145,265	$14,145,265
Water sales	1,279,101	—	1,279,101
Services	—	245,548	245,548
Interest	2,261	655,349	657,610
Other	619,521	563,466	1,182,987
	1,900,883	15,609,628	17,510,511
EXPENSES			
Grants (note 8)	—	9,538,282	9,538,282
Administration and operating	1,073,502	5,962,474	7,035,976
Interest (note 9)	103,145	1,702	104,847
Depreciation	199,404	107,170	306,574
	1,376,051	15,609,628	16,985,679
NET EARNINGS FOR THE PERIOD	$ 524,832	$ —	$ 524,832

Regiona Map


LEGEND
REGIONAL OFFICES
SUB-OFFICES
N
TWP. 61
CUMBERLAND LAKE
TWP. 61
NORTHWEST
PRINCE ALBERT
NIPAWIN
TOBIN LAKE
SQUAW RAPIDS DAM
CARROT RIVER
NORTH BATTLEFORD
NORTHEAST
MACKLIN
TWP. 37
TWP. 39
HARRIDAY
SASKATOON
WATROUS
SOUTH
OUTLOOK
WEST CENTRAL
EAST CENTRAL
GARDINER DAM
DAVIDSON
LAST MOUNTAIN LAKE
LAKE DIEFENBAKER
TWP. 23
MELVILLE
QU'APPELLE RIVER
REGINA
MOOSE JAW
TWP. 16
SWIFT CURRENT
SOUTHWEST
ASSINIBOIA
WEYBURN
SOUTHEAST
W3M
W3M
W2M
W2M
W1M

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NORTHEAST REGION
Mr. Earl Breadner (Chairman)
Codette

Mr. Jack Ukrainetz (Vice-Chairman)
Hudson Bay

Mr. Joe Zagrodney
Wadena

Mr. Dale Northcott
Melfort

Mr. Bohdon (Buck) Borsa
Carrot River

NORTHWEST REGION
Mr. George McKone
Lashburn

Mr. William P. Larsen
Borden

Mr. Denis B. Hinz
Prince Albert

Mr. Ian Lauder
Shellbrook

Mr. H. Albert Osborn, Q.C.
North Battleford

EAST CENTRAL REGION
Mr. Ben Kuzmicz (Chairman)
Candiac

Mr. Arnold Schreffler (Vice-Chairman)
Liberty

Mr. E. S. (Ted) Batters
Lumsden

Mr. J. D. (Des) Peeke
Semans

Mr. Cal Mintram
Langenburg

WEST CENTRAL REGION
Mr. Jack Piercy (Chairman)
Rosetown

Mr. Slavie Hewko
Cactus Lake

Mr. Doug Ector
Elbow

Mr. Murray Oram
Central Butte

Mr. Peter McCann
Saskatoon

SOUTHEAST REGION
Mr. Ed Kennett (Chairman)
Parkman

Mr. Tom Quigley (Vice-Chairman)
Yellow Grass

Mr. Jack Muirhead
Estevan

Mr. Lorne Kramer
Midale

Mr. John Moffat
Moosomin

SOUTHWEST REGION
Mr. Derald Busse (Chairman)
Swift Current

Mrs. Cecilia Mulhern (Vice-Chairperson)
Meyronne

Mr. Don Pearson
Eastend

Mr. Mark Kilcher
Swift Current

Mr. David Kimber
Abbey